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COMMITTEE ON APPROPRIATIONS  
March 9, 2005  
LB 296

The Committee on Appropriations met at 1:30 p.m. on Wednesday, March 9, 2005, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB 296. Senators present: Don Pederson, Chairperson; Lowen Kruse, Vice Chairperson; Chris Beutler; Jim Cudaback; Lavon Heidemann; Marian Price; John Synowiecki and Nancy Thompson. Senators absent: Pat Engel.

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SENATOR D. PEDERSON: Since we have a lot of people here in connection with Senator Synowiecki's bill, I would turn to his bill at this time.

SENATOR SNOWIECKI: (Exhibit 5) Thank you, Mr. Chairperson. Members of the Appropriations Committee, I am John Synowiecki. I represent District 7 in Omaha. Today for your consideration, I bring LB 296. The purpose of LB 296 is to make Nebraska more a more visible potential destination for travelers and vacationers, by providing increased support to the travel and tourism industry in our state. LB 296 creates the Tourism Supplemental Fund which will be used by the Tourism Division of the Department of Economic Development to supplement its current appropriations for tourism development. Revenue for the fund is generated by recognizing a healthy growth of 3 percent in tourism sales tax revenues per year, and by appropriating 50 percent of all growth in sales tax revenues over that 3 percent to the Tourism Supplemental Fund. This funding will be used to improve marketing efforts, to attract visitors to the state, and allow tourism groups in Nebraska to apply for dollar-for-dollar matching grants of up to 50 percent of the supplemental fund. LB 296 is modeled after a plan adopted in Missouri in 1993. Missouri's plan recognized certain industries that are generally deemed to benefit from travel and tourism promotions. Missouri established a system to share growth in sales tax from these tourism industries with the travel and tourism department for the purpose of tourism development and promotion. By enacting this plan ensuring sales tax revenue growth, Missouri increases travel and tourism budget from \$6.1 million in 1994 to \$16 million in

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2001. Over the same period of time, a similar program in Nebraska would have generated about \$850,000 a year in additional revenue for the Tourism Division. I will let the tourism experts tell you more about the impact of this legislation on their industry. Tourism is Nebraska's third largest industry, behind agriculture and manufacturing, but it is underfunded compared to surrounding states. Currently, Nebraska's tourism budget is funded mostly by lodging taxes. The money generated from these taxes ranks Nebraska in the bottom five states for state travel and tourism budgets. The total budget for Nebraska's Tourism Division in Fiscal Year 2003-04 was about \$3 million. Nationally, the average state travel and tourism budget is \$11.9 million. I believe it is essential that Nebraska stay competitive in the tourism industry, and that our assets be vigorously promoted in the tourism market. LB 296 takes a significant step toward providing the tourism industry with the tools it needs to bring tourists and tourism dollars to Nebraska. I want to thank you, Senator Pederson and members of the committee, for giving full consideration to LB 296. And I'll answer any questions at this time.

SENATOR D. PEDERSON: Do you want to make the comment about the fiscal note in connection with that, or do you want to leave that to someone else, or leave us to our own devices on that?

SENATOR SYNOWIECKI: Well, I'm sure we'll be in some discussion relative to that. As I understand it, the Revenue Department does not now have the technological ability to categorize or dissect these industry numbers in our...when we bring this revenue on board through these taxes. I think it behooves us to be able to have that ability to do that so...and it's my understanding, in talking to Senator Landis, that some of the LB 775 retooling bills that may be considered by the full Legislature would include having these abilities included within the provisions of those bills. And that is one of these abilities, and that is to give the Department of Revenue the capability and the ability to categorize income to the state by these industry numbers. So the fiscal note, depending on what LB 775 retooling bill the Legislature addresses, or not address at all; if we do advance something, it is my understanding that the expense to the state for that ability to do that, the capability technologically-speaking to do

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that, may be covered in another bill.

SENATOR D. PEDERSON: Well, it is a substantial fiscal note possibility in connection with this.

SENATOR SYNOWIECKI: Yes.

SENATOR D. PEDERSON: We need to bear that in mind. And I know we have all kinds of proposals that will bring in so many dollars, like I hear these multiplier-type things, you know,...

SENATOR SYNOWIECKI: Yeah.

SENATOR D. PEDERSON: ...for every dollar spent, it will bring in \$5 or \$10 or something. But we're talking about up-front money, so we need to consider that in light of this particular proposal.

SENATOR SYNOWIECKI: Yeah.

SENATOR D. PEDERSON: I think actually our tourism has done a wonderful job considering what few tools we've given them to work with.

SENATOR SYNOWIECKI: You know, Senator, I would agree with that. And if the committee would recall the testimony on that wine program, the winery, they repeatedly referenced the state of Missouri and how their tourism departments interacted with that industry in the state of Missouri and how beneficial it was. And that's when I, during the course of that testimony is when I mentioned this bill and how I would like to see a more broader approach relative to mirroring what the state of Missouri does for tourism, more broadly, and this does it.

SENATOR D. PEDERSON: Well, their motto is "Show me" and apparently you're saying they've shown us. Was there another bill similar to this in any other committee this year? I can't remember.

SENATOR SYNOWIECKI: Not that I'm...

SENATOR D. PEDERSON: Did Senator Brashear have a bill on something like this? Okay.

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SENATOR SYNOWIECKI: Senator, I don't know. The short answer is I don't know. I don't think so. This bill is a result of my conversations and dialog essentially with the hotel/motel people in my district. And we continued the dialog. Mr. Jeff Bailey and myself. And ultimately, I did introduce this last year in the Revenue Committee and...

SENATOR D. PEDERSON: I mean, that's what I was thinking.

SENATOR SYNOWIECKI: It wasn't met with a whole lot of...it wasn't well received by that committee.

SENATOR D. PEDERSON: So you'd thought you'd try the Appropriations Committee and see if that would work better. (laugh) Chris, did you have a question?

SENATOR BEUTLER: Yeah. John, if these are too technical and somebody is following, well, just let me know. But what I was wondering first of all whether the categories that are included in this bill do exactly or roughly equate to what...to the categories that Missouri included in their bill.

SENATOR SYNOWIECKI: I'll defer that question, particularly to Mr. Jeff Bailey.

SENATOR BEUTLER: All right. And with respect to the matching grants, they go to area or regional promotional groups? I imagine there's probably somebody better able to describe who those groups are or how they would be defined.

SENATOR SYNOWIECKI: I think a good example of one of those groups, Chris, would be...and I don't want to call them the "wine folk" but to the folks that had the wine...

SENATOR BEUTLER: A promotional group like them.

SENATOR SYNOWIECKI: Yeah. The wine people would be a good example, I think. They would apply for matching funds to get some programs off the...

SENATOR BEUTLER: All right. So maybe it doesn't necessarily relate to some geographic area or region. It's just meant to indicate that the groups can be somewhat

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parochial in nature or local in nature.

SENATOR SYNOWIECKI: Yeah. That...

SENATOR BEUTLER: Or of one industry only, conceivably or whatever.

SENATOR SYNOWIECKI: I think all of the above, Chris. I mean, if you have something that may spur tourism and economic activity related to tourism, and you have a program that you want to try to get funded, you would make application to the Department of Economic Development under the Tourism...Supplemental Tourism Fund.

SENATOR BEUTLER: And then are you intending that the grants...I see they're matching grants. Are you intending that they would be, like, competitive, everybody puts in their matching grant, and then the department makes a decision based upon...

SENATOR SYNOWIECKI: I think...

SENATOR BEUTLER: ...the greatest return to the state of Nebraska, or some...

SENATOR SYNOWIECKI: Yeah, they would, I would hope, set up their criteria. But yes, I would...I envision, and the intent is for them to be competitive in that there would not be enough money to fund all the grants that come in. So in that sense they would be competitive.

SENATOR BEUTLER: Okay. Thank you.

SENATOR D. PEDERSON: Any other questions of John? If not, thank you. You'll be here for closing, if you need to?

SENATOR SYNOWIECKI: Yeah, unless I get called to Judiciary Committee. I've got two bills. Okay.

SENATOR D. PEDERSON: Okay. I know you have several bills. We'll bear that in mind. The next testifier, and perhaps as you've noted, there are a number of people that apparently want to testify, so I would ask you to not be duplicative of testimony of someone before you, and perhaps be responsive to some of the questions that we've been asking of Senator

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Synowiecki. Thank you.

JEFF BAILEY: Absolutely. Good afternoon, Senators. Senator Pederson and members of the Appropriations Committee, my name is Jeff Bailey, spelled B-a-i-l-e-y, and I represent the Nebraska Hotel and Motel Association. I appear before you today in support of LB 296. I would like to thank Senator Synowiecki for introducing the bill. I'd like to take a moment to share what I feel is some pertinent information relating to this bill. The senator noted that tourism is the third largest industry behind agriculture and manufacturing here in the state. Despite its relative importance in the state, the tourism department currently receives no allocation from the General Fund. Of 46 states that report their tourism budgets, we rank 45th or second to last nationally. The state's Travel and Tourism Department has shown itself quite capable of producing a healthy return on any dollars that are made available to them. The Economic Department's (sic) own studies show that for every dollar used by the state's tourism department for marketing, our state receives \$14.42 in taxable income from tourists. Their studies also show that for each one of the dollars spent by tourists, that is respent 1.7 times within the community, for an overall effect of \$2.70. That means that for every dollar that the tourism Marketing Department uses for marketing, Nebraska received \$38.93 in taxable revenue. I won't go through and mention how the bill works again. I think the senator did that in his. But since we understand that one size does not fit all, this bill encourages communities of all sizes to invest in their own through the dollar-for-dollar matching grants outlined in the bill. Whether it be a small town trying to attract hunters, the Sandhills trying to attract bird watchers or golfers for their fantastic courses, Valentine trying to attract rafters or cyclists, or Omaha trying to attract a certain convention, it allows for communities to make those decisions and rewards communities who are willing to invest in their own future. Of the concerns that have been noted regarding this bill, the one that I have heard the most is the earmarking of taxes. People ask why we should do this tourism when so many other industries are interested in doing the same thing. One big difference that should be noted is that while we are interested in having a portion of the taxes redirected, it only happens if we exceed the goal set forth by the state. Also, a new point. Does a company

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directly profit from this redirecting of taxes? One hundred percent is reinvested into the state's efforts which by the state's Economic Department's (sic) own figures, have proven to be quite profitable efforts. Ladies and gentlemen, I know there are others who represent a cross section of our great state who wish to speak today, and so I'll open myself up for questions if you have some.

SENATOR D. PEDERSON: Any questions of Jeff? Chris.

SENATOR BEUTLER: Jeff, so you see these area or regional promotion groups as being both public and private entities?

JEFF BAILEY: I would...I guess I wouldn't...you know, I'm not foreseeing them as being private entities. I would foresee a group...you know, I wouldn't expect...

SENATOR BEUTLER: Well, what about the Winemakers Association, whatever they're correctly...

JEFF BAILEY: An association, I think, would be fantastic. I guess what I wouldn't want to see to use, like, Marriott Corporation. I wouldn't expect Marriott to be able to apply for a fund.

SENATOR BEUTLER: You don't expect them to be profit-making groups?

JEFF BAILEY: Not themselves, no. If they're representing a group, I think that would be great, whether it be a convention business bureau, whether it be a city, whether it be an association; someone that's looking to increase tourism for a section, you know, whether it would be attractions or hotels, restaurants. We want to increase spending and ideally increase tourism in the state. And again, you know, hopefully get communities to reinvest. A community that would, you know, is possibly...you know, would like to put a \$10,000 ad in the Denver Post to attract hunters to western Nebraska, where we sorely get outspent by South Dakota, would only have to find \$5,000 and be able to request for the other \$5,000, and start attracting more hunters to their part of the state.

SENATOR BEUTLER: I have seen a number of times now the figures with regard to how poorly we do in terms of funding,

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our state level at least, tourism efforts as compared to other states. But on the other hand, it's often cited that we're the...that tourism is the third leading industry in Nebraska. What I have never heard, though, and maybe you can tell me is, relative to the other states on a per capita basis, where do we rank in terms of tourism revenues?

JEFF BAILEY: Tourism revenue, I believe, we actually rank about 40th in the states, where our funds are actually second to last. So we're not looking to be funded in the top ten. I think that there would be some great advantages to being funded in the top ten, but realistically, we're trying to get our funding more appropriate with where our expenditures and where our revenues come from. I don't think that's too much to ask.

SENATOR BEUTLER: Okay. Thanks.

SENATOR D. PEDERSON: Senator Cudaback.

SENATOR CUDABACK: I guess I can see maybe a run, if nothing else, on this. How would you have...would you have rules and regs set by...who would be the one to...I got a bunch of questions here. I've got them all on one.

JEFF BAILEY: That's okay.

SENATOR CUDABACK: Who would the rules and regs would have...who is responsible?

JEFF BAILEY: For the matching grants?

SENATOR CUDABACK: No, for who is going to apply. I can see people wanting these dollars.

JEFF BAILEY: Sure.

SENATOR CUDABACK: Who do you say, no, you don't qualify. Somebody has to have a guideline saying you qualify, you don't qualify, he has to qualify, or, you know, somebody has to say this.

JEFF BAILEY: Well, I think the Economic Development group in the state, along with the state's Travel and Tourism Department would put those together. Again, we're looking



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for more, you know, public-type of groups, but they would need to, you know, put that together. And certainly, the lodging industry would be more than happy to work with them to establish guidelines.

SENATOR CUDABACK: I mean, of course, you have...you almost have to had not the cart before the horse but the horse...you know what I mean, have that established before. That's my idea, anyway.

JEFF BAILEY: Absolutely. And I'd be happy to put that together in some type of amendment if you'd like, or...happy to do that.

SENATOR BEUTLER: Let me just ask one more question, please. You indicated not-for-profit private groups. How about public entities like Game and Parks has lots of tourism sites, for example. Would they be...do you envision them as being eligible to submit grants?

JEFF BAILEY: If it's someone that can increase tourism, you know, and if the Parks were...

SENATOR BEUTLER: That's the bottom line.

JEFF BAILEY: Yeah, absolutely. You know, we talk about, you know, tourism being the third largest industry and I know we're short on time but, you know, as we go through, I think there's a good cross section of, you know, restaurants and retail and convention and visitors bureaus. We are together and so whether it's the Nebraska Parks and Recreation, if they're able to attract visitors to our state and get people moving around the state, I think that's fantastic and I think everyone behind me would support that as well.

SENATOR BEUTLER: Thank you.

SENATOR D. PEDERSON: Thank you very much, Jeff.

JEFF BAILEY: Absolutely.

SENATOR D. PEDERSON: Next testifier.

LORA YOUNG: (Exhibit 6) Good afternoon, Senators. I'm

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Lora Young with the Nebraska Travel Association. I'm not going to read my testimony. I'm going to answer your questions. I've been kind of like bouncing back here. Nebraska Travel Association supports this bill. We've supported this bill and this concept for a very long time. To answer Senator Beutler's question about the codes, the Nebraska standard industry codes. We in my research, we are one of five states that do not track our tax codes. I have been trying to work with some other groups in Nebraska to try to bring this to the table because I think it will be good for business, industry and economic development, if we can track where all of the funding is coming from instead of just going into one pot. I mean, it will still go into that one pot of General Funds, but then you're going to have a reg that you're going to know exactly how the lodging industry is doing. You're going to know exactly how the attractions are doing. You're going to know exactly how retail business is doing. And I think that's going to help our Legislature better plan for our future. So I'm a supporter in the Nebraska Legislature going ahead and taking the one-time hit to get our Revenue Department up to the ability to do the codes. So it's one of my issues. I've studied it a little bit. I'm not an expert on it by any means, but that would be necessary. The other question asked was the codes that are in this bill are directly from the Missouri model, directly from Missouri. And they are industries that currently benefit from tourism dollars. One of the issues that we have is, and I know the Hotel and Motel Association has this issue, the only industry that supports tourism is the Lodging Association. When convenience stores and restaurants and attractions and everybody else, you know, even grocery stores, from the RV'ers that come in with the fifth wheels and they buy groceries, they all benefit from tourism, but they don't put any money back into helping that part of the economy. In some of my research, I have found that tourism is gaining employees and is gaining at a faster rate than manufacturing, as far as economic development, and agriculture is losing. Those are some of the numbers that I found and got from Department of Economic Development last year. So tourism is growing. One of the testifiers earlier from DED said you've got to spend money to make money, and I believe this is a way where we can spend more money in other states, attracting out-of-state visitors into our economy. And this is where we want the money to come from, not

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necessarily amongst Nebraskans traveling...you know, when I travel, I travel Nebraska a lot. You know, I go to western Nebraska a lot, and I'm tourist, you know, and I spend my money there. But we want...I'm from northeast Nebraska. I want South Dakotans to come, I want Iowans to come, I want Minnesotans to come, and spend their money in northeast Nebraska and in Nebraska, because that's going to help our tax rates and help our general economy here. So did I answer some of your questions? Oh, the other question you had about the division. The Division of Travel and Tourism currently right now has a grant program and it's for nonprofits. You have to be a nonprofit. People that have been able to successfully get grants have been the Henry Doorly Zoo; Northeast Nebraska Travel Council has co-oped, you know, a couple of years ago for grants. Sometimes it will be a convention or visitors bureau. Sometimes it will be a museum that's able to get grants. They're all marketing grants. You have to spend the money, not locally, but you have to spend the money away. And I envision this just to be another help in getting those out. Now, you know...and that's mandated currently by the Legislature. And I would say if one of the conditions to having this increase of money would be your media buys, your marketing campaigns, have to be out of state, then I think that's a good use of that money; it's to market Nebraska out of state. Are there any other questions that I can answer? Did I help any? (laugh)

SENATOR D. PEDERSON: Chris.

LORA YOUNG: Yes, Senator.

SENATOR BEUTLER: Yeah, just one question. So this sounds like you were involved in some of the drafting of this, to a certain extent.

LORA YOUNG: Not drafting of it, but I have been following it for the last three years, and so...

SENATOR BEUTLER: Okay. Half the money goes to the Travel and Tourism Division directly...

LORA YOUNG: Correct.

SENATOR BEUTLER: ...to supplement General Fund and Cash

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Fund appropriations for activities relating to tourism development for Nebraska. That's pretty broad, I guess.

LORA YOUNG: That's pretty broad.

SENATOR BEUTLER: So you essentially give them half the money and say, do with it as you see fit.

LORA YOUNG: That was the compromise some of us came to, yes. I personally would like to see other things happen but, you know, we're trying to bring this industry today and so we're looking at all coming in agreement on some things. So you know, we're trying really hard to bring us together to the table.

SENATOR BEUTLER: But they don't support your bill.

LORA YOUNG: I know and...(laugh)...if you'd care to have a private conversation, I'd be happy to bend your ear. (laugh) So...

SENATOR D. PEDERSON: Are there other questions of Lora? If not, thank you.

LORA YOUNG: (Exhibit 7) And I do have one, I guess, handout that I will just share for the committee, and I'll just leave it here, and I did get it from the Division of Travel and Tourism. And it's how much money over the last several years would have come into the division. So, thank you.

SENATOR D. PEDERSON: Thank you. Next testifier.

JEFF BOEKA: Thank you, Chairman Pederson and Senators. My name is Jeff Boeka, B-o-e-k-a. I am the area hotel manager for Wilkinson Companies in North Platte, Nebraska. I'm also on the Nebraska Hotel and Motel Association. Our company operates hotels, restaurants and gas stations in the small towns of Lexington, North Platte, Ogallala, Sidney and Alliance. And in our involvement in those communities, we...I do serve on the CVB for Dawson County and the Tourism Advisory Committee for North Platte. And we do see the budget crunch in those communities when they have less than \$100,000 to spend in a year on staffing, marketing, to attract tourism, and so this bill would give them the

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ability to match those funds and to market their areas of...ecotourism was one that was mentioned earlier, agritourism and hunting, fishing and the golfing. We do see it as a great asset for those communities, and so I'm here to support that bill.

MARCENE FRANZEN: My name is Marcene Franzen, F-r-a-n-z-e-n. I'm the conference manager at Holiday Inn Express in North Platte, also on the Tourism Advisory Committee. I just wanted to say that I agree with all previous testimony, and increased funds would definitely help us in our industry as far as bringing dollars to the western...to North Platte and the western end of the state. We have at this time put together, as Senator Pederson pointed out, some packages which we are...put on the Internet, and things like that, to try to draw hunting, golfing packages, those kinds of things to the western part of the state. And I would just encourage you to support this bill to help us advance tourism in North Platte and the western end of the state. Thank you.

SENATOR D. PEDERSON: Any questions of Jeff or Marcene? If not, thank you for being here. Mr. Otto.

JIM OTTO: Senators, my name is Jim Otto, O-t-t-o. I am a registered lobbyist for the Nebraska Retail Federation and the Nebraska Restaurant Association. I am here on behalf of both associations, to testify in favor of LB 296. I'll be brief. There are many other people to talk. I just wanted to make...we wanted to go on record in support of it. Obviously, the retail industry and the restaurant industry both benefit significantly from tourism. I would just throw out that one thought, and that is many of us agree with the, at least theory behind, tax increment financing where increased property taxes can be dedicated back to a specific project that generates those taxes. This is actually an attempt to try to do something like that, if we could just track where the taxes come from. That's one of our challenges is to actually track where those taxes come from, and then dedicate a certain percentage of those back to build that industry. So the theory is somewhat the same as tax increment financing. It's just much more complicated because you can't tie it quite as specifically to a specific item. But if you could come up with the right formula and you can track them, it seems to make sense to me for the

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Legislature to be able to understand where the dollars come from and where it would be best to reinvest.

SENATOR D. PEDERSON: Any questions of Jim? Thank you. We're going to be double-teamed again, I see. (laughter)

ANTHONY MOODY: Senator Pederson, committee, thank you very much. My name is Anthony E. Moody, A-n-t-h-o-n-y M-o-o-d-y. I'm here with Dana Markel, director of operations for the Greater Omaha Convention and Visitors Bureau. I'm representing the Metropolitan Hospitality Association as immediate past president. It was very encouraging to hear Richard earlier talk about tourism being the third leg of the stool, because without that third leg, the stool doesn't stand up. He talked about the lack of dollars and he talked about the young people. What we find in our industry is that Nebraska has an image problem. It's not that it's a bad image, instead it doesn't have much of an image at all, whether it be good or bad. What we have to do to keep those young people in the state and attract people to it is for it to be perceived as a good place to visit. One of the reasons the perception is not there right now is the fact that every state around us is outspending us, and I'll run through those dollars real quickly. North Dakota spends \$3.7 million compared to, as Senator Synowiecki said, our \$3 million. That's about the closest one to us. South Dakota spends \$7.3 million; Minnesota spends \$8.1 million; Iowa spends \$3.5 million. As Senator Synowiecki said, Missouri spends \$16 million; Colorado spends \$14 million; Wyoming spends \$5.6 million; Montana spends \$7.4 million. So with that, you buy an image. And with that image in your state, your young people become proud of it, people want to visit it, and it is perceived as a good place to live. So it's an economic generator as well as a tourism generator. According to our own Nebraska Department of Economic Development, for every dollar that's spent in your state, 13 cents of it goes to lodging, 25 cents of it goes to food service, 28 percent goes to auto transportation, 8 percent to entertainment and recreation, 17 percent to public transportation, and 9 percent to general trade. Think about your own self when you go on vacation and where all of those dollars go. You're not paying all of it to just to hotels. There are a lot of people getting pieces of that pie and, as you've heard, there's very few people that are supporting it within the state because it's generally the lodging dollars

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that are doing it, the lodging tax dollars. I'll turn it over to Dana with one quick statement. About three years ago, I'm sure many of you saw in the media where, after September 11 and everybody...Colorado started cutting their funding for their advertising, and they watched their skiing and their tourism dollars dry up significantly over the years. We have a great opportunity in our industry. Tourism and travel is projected over the next three to four years to have some of its best years ever. It's a great time to attract people to this state. More people are traveling inside of our U.S.A. walls than ever before. They're regionalizing their tourism dollars and their vacation dollars, and they're taking those three- and four- and five-day trips as opposed to traveling abroad. It's a great time for Nebraska to capitalize on it. Because I've been here four years now, this is my fifth, sixth state and 12th move, and it's a great place for our industry and it's a great place to live. And with that, I'll turn it over to Dana.

DANA MARKEL: Thank you, Tony. As Tony mentioned, I'm Dana Markel, M-a-r-k-e-l. I'm director of operations for the Greater Omaha Convention and Visitors Bureau. I'm also here representing the city of Omaha. And we are in support of this bill. Recently, I had a conversation with the vice president of marketing at the Convention and Visitors Bureau of the Greater Kansas City Area. Her name is Jill Raides (phonetic) and I will give you a direct quote. I asked her about their benefits from the Missouri plan, the bill. Her quote is: "The Missouri state tourism matching fund program is the best thing the state has ever done for tourism. It's a wonderful program and allows us to effectively reach twice the number of potential visitors." She went on to tell me that Kansas City receives matching funds in three marketing disciplines: television advertising in which they advertise in seven states, market research and convention advertising. And then this year they have added another segment which they will allocate matching funds for sport event marketing. It's Jill's opinion that travelers usually determine a city for a specific tourism destination to visit, rather than an entire state; therefore, the allocation of these state tourism matching funds is the best way for Missouri to grow their tourism. If the Kansas City Convention and Visitors Bureau do not receive these funds, I asked her if they would

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eliminate these marketing programs. She said no, they wouldn't eliminate the programs but they would just reduce their reach to a smaller audience; specifically, their current Kansas City television advertising campaign would be reduced from seven states to three states. Kansas City is a prime competitor of ours in Omaha, and it is really frustrating to know that they can utilize a greater percentage of their tourism tax dollars to build more business for themselves. In fact, Omaha, Nebraska, is one of their key cities and states for targeted television advertising. The passing of this bill would provide the cities of Nebraska the same marketing advantage that our neighboring state, Missouri, awards to its cities.

ANTHONY MOODY: We'd be happy to answer any questions at this time.

SENATOR D. PEDERSON: Okay. Chris.

SENATOR BEUTLER: Yes. I'm sure, since we've heard it from so many people, that promotion is extremely important. But it also seems to me that if what you're promoting isn't worth coming to see, you'll have a hard time promoting it. So isn't it equally important to be sure that our tourist attractions themselves are in top shape and competitive in order to make your promotional efforts effective?

ANTHONY MOODY: Absolutely, and I think these funds give the state Department of Tourism an opportunity to do that, and evaluate as each one applies and see that the ones that will attract people to the state and show off parts of the state would be the ones that were allocated the monies.

SENATOR BEUTLER: Ah, so you would see a criteria under the promotional grant program. One of the criteria would be the effectiveness of the particular tourist attraction to attract out-of-state visitors.

ANTHONY MOODY: I'm sure we'd leave that in the hands of the Department of Economic Development and the Department of Tourism, but I would think they would want a sound return on their investment wherever they were placing it. And you may be more familiar with the Missouri plan. This is just me speaking from a business person's stance.



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DANA MARKEL: In selling...

SENATOR BEUTLER: But my question goes beyond, though, the bill itself. I mean like, if Fort Robinson or any...the Kearney exhibition, if those can be made into the best in the country, isn't that going to be very helpful in terms of the promotional efforts of people? I mean, you can't promote tourist traps for very long. Right? For example, using the extreme? None of this money goes to the tourist attractions themselves to maintain them or build them up or...

ANTHONY MOODY: Not to my knowledge. Go head, please.

DANA MARKEL: Now I can only speak for our city that I represent, but we sell the city every day. And I tell you our ace in the hole, when we are selling Omaha, Nebraska, is to get people on our own turf. If we can get them to come to the city, we have it sold. So I take a more optimistic view. Now, granted, it is just our community, but I think we have a destination worth visiting, that visitors would want to come to. Our challenge is promoting the destination and letting people know we are here, because I can tell you from our experience, once we get them in, what we hear quite often is, "I had no idea that all of this was here."

SENATOR BEUTLER: I think Omaha is doing a fantastic job and improving in leaps and bounds. But I think we're short-sighted, having been around the nation somewhat, to think that we're not and awfully stiff competition in terms of what's out there to attract other people in other states.

ANTHONY MOODY: Senator, if I could throw in one other thing. All of these other states have the funds to really target Omaha and Nebraska and all of their surrounding states. And that is something that we typically do not do. I mean, how many times do you open up a newspaper and see something fall out and it's a pamphlet on South Dakota. And it's not only the hunting but it's everything else there is up there. So, and that's what we're lacking the funds to do to get the message out in the surrounding states. You don't open a newspaper in Kansas City and see anything fall out on Nebraska because we don't have the funds to do that. You don't open it up in Denver or Mitchell, South Dakota, and say, "Come see Omaha" or "Come see Grand Island" or come to

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any of those other things. And that is part of our problem with marketing this state as a whole, as a whole state.

SENATOR BEUTLER: Okay. Thank you.

SENATOR D. PEDERSON: Jim. Wait a minute, Dana and Tony. Senator Cudaback had a question.

SENATOR CUDABACK: I'm sitting at home watching T.V. and on comes a commercial that says, "Come to Epcot Center," "Come to Disney World" and the Worlds of Fun. Is this the kind of thing you have in mind, or is that...

DANA MARKEL: It would depend on how much money was available for the grant, but something like that. We definitely need to promote our destination in Nebraska, the specific cities and tourism destinations, outside of our state. It would be great to have television.

SENATOR CUDABACK: Well, these dollars wouldn't necessarily go to groups or wouldn't necessarily go to a nonprofit but it could go for...

DANA MARKEL: It's to help create an awareness of our state.

SENATOR CUDABACK: So it could go for a number of things.

DANA MARKEL: Uh-huh. Television advertising would be wonderful.

SENATOR CUDABACK: And when you get that all the time, you're bombarded by, come to this state, come to that state, or come to the Royal Gorge or whatever.

DANA MARKEL: I mean, ask yourself how many times have you see a Kansas City advertisement here.

SENATOR D. PEDERSON: Any other questions of Tony or Dana? If not, thank you very much.

ANTHONY MOODY: Thank you for your time. Thank you for the job that you guys do.

ROGER JASNOCH: Senator Pederson and members of the Appropriations Committee, my name is Roger Jasnoch, 1007

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2nd Avenue, Kearney, Nebraska. I appear before you in support of LB 296. Before I go into some of the uses that we might be able to put that to good use in central Nebraska, maybe a little history lesson. In 1980, when LB 499 was originally passed, which enables a 2 percent lodging tax, at that time it's my understanding there were General Funds available in the amount of approximately \$500,000. Then a couple of years later in the mid-80s when the farm crisis hit Nebraska, that money was taken out of the tourism arena, if you will, and put to other uses. And so this bill would be an attempt to really restore those dollars back to where they were originally back in 1980 and 1981. As far as Kearney using those, we have several partnerships that we work with, communities in central Nebraska. One, in addition to that, the Kearney Visitors Bureau has a partnership with Pioneer Village and the Arch where we each throw in dollars in terms of, instead of the Visitors Bureau just throwing in \$15,000, \$20,000 to buy national media to bring people in from the outside, each one of us throws those dollars in and, therefore, we end up with a \$50,000, \$60,000 media buy. If funds like this were available, we could double that and attract more people. We would use that to bring more people to Nebraska, not try to steal business from our neighbors because that's not going to do Nebraska any good. The real benefit is to bring additional people in from the outside through attractions like that, through special events, regional events, that bring in people into Nebraska and, hopefully, everybody can benefit from that. With that, I'd be glad to answer any questions you may have.

SENATOR D. PEDERSON: Roger, as a comment, I think Kearney has done very...a very good job of promoting Kearney and Kearney area. And it seems to me, you mentioned the crisis in the 80s and then suddenly diminished the amount of money that was going into this. It's kind of traditional, I guess, that whenever things get bad, they cut out advertising which is probably the worst thing that you can do in a sense, because you don't promote yourself then. It saves money but maybe in the long run it loses money.

ROGER JASNOCH: Well, and that's why we've created partnerships because we only have a finite amount of money that we can spend on advertising, and through partnerships we can double and triple that amount, and we hope to take

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that to the next level.

SENATOR D. PEDERSON: We work every day with finite resources here. (laugh)

ROGER JASNOCH: There you go. I understand that.

SENATOR D. PEDERSON: Any other questions of Roger? Chris.

SENATOR BEUTLER: Just a comment. I think you should get that Chicago Trust to let you put all that Pioneer Village stuff right beside the Arch there. Putting those two things together totally would be incredible.

ROGER JASNOCH: Senator, we're working on that.

SENATOR BEUTLER: Are you really?

ROGER JASNOCH: Yes, sir, in principle.

SENATOR BEUTLER: If you need some state subsidies to help you work on that,...(laughter)

ROGER JASNOCH: Well, we may take that, but we're starting with Skip Warp and he's...actually we're in our fourth year of partnership, and so I have, well, a good relationship with Skip.

SENATOR BEUTLER: More power to you.

ROGER JASNOCH: Thank you.

SENATOR D. PEDERSON: Thank you, Roger.

ROGER JASNOCH: Thank you.

SENATOR D. PEDERSON: Other testimony? Senator Synowiecki, would you like to close? I sincerely want to thank all of you for organizing your testimony the way that you did. It helped us zero in on the issue, and you didn't duplicate, and I'm very pleased. Thank you very much. With that, I will close the hearing on LB 296.